COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE SIX-MONTH BILLING PERIODS ENDING OCTOBER 31, 2003, APRIL 30, 2004, OCTOBER 31, 2004, OCTOBER 31, 2005, AND APRIL 30, 2006, AND FOR THE TWO-YEAR BILLING PERIOD ENDING APRIL 30, 2005	)	CASE NO. 2006-00130

SECOND DATA REQUEST OF COMMISSION STAFF TO
LOUISVILLE GAS AND ELECTRIC COMPANY

Louisville Gas and Electric Company ("LG&E"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before July 13, 2006. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Direct Testimony of Robert M. Conroy, pages 7 and 8.

a. When performing a roll-in of the environmental surcharge or fuel clause, would LG&E agree that the total bill for the ratepayer after a roll-in should essentially be the same as it was before the roll-in, all other things being equal? Explain the response.

b. Would LG&E agree that if the Commission were to address the subject of inter-class rate subsidies as part of the roll-in, the total bill for any ratepayer after the roll-in would not be the same as before the roll-in, all other things being equal? Explain the response.

2. Refer to the Direct Testimony of William Steven Seelye ("Seelye Testimony"), page 2. Item 11(b) of the Commission Staff's First Data Request dated April 25, 2006 ("Staff's First Request") states:

> The surcharge factor reflects a percentage of revenue approach, rather than a per kWh approach. Taking this into consideration, explain how the surcharge amount should be incorporated into LG&E's base rates. Include any analysis that LG&E believes supports its position.

Explain how LG&E concluded that addressing the effects of the percentage of revenue approach versus the per kWh approach supports dealing with inter-class rate subsidies that LG&E states exists in its current rates.

3. Refer to the Seelye Testimony, Exhibit WSS-2.

a. Explain why Special Contract customers were included in the analysis of rate class subsidies. Include with this response a discussion of how under the terms of the existing contracts, LG&E could change the amount of an environmental surcharge roll-in to Special Contract customers.

b. Explain how the Lighting Rate Class can be both paying and receiving a subsidy from other rate classes.

4. Using the scenarios listed below, provide a calculation of the average customer bill as of May 1, 2006 for the following rate classes: Residential, General Service, and Rate LC. The average customer bill provided for each scenario should show the components of the bill. The usage amounts for each rate class should be constant between the scenarios (i.e., the same kWh usage used for the Residential rate class in each scenario). Include all calculations, assumptions, and workpapers.

a. Scenario A – the average customer bill as would have been issued on May 1, 2006.

b. Scenario B – the average customer bill as of May 1, 2006, reflecting the roll-in of the surcharge using the "revenue methodology."

c. Scenario C – the average customer bill as of May 1, 2006, reflecting the roll-in of the surcharge using the "alternative methodology."

5. Refer to the response to Staff's First Request, Item 1(b).

a. Refer to page 1 of 11. Is the "True-up Adjustment" shown in column 7 calculated by multiplying the "Rate of Return as Filed" shown in column 3 by the "Change in Rate Base" shown in column 6, with the result divided by 12? If yes, explain why the calculation for column 7 is shown as "(6) – (5) / 12."

b. Refer to page 3 of 11. Describe the source of capitalization identified as "Med Term Notes Payable" and explain why LG&E included this item in its capitalization and capital structure determination.

6. Refer to the response to Staff's First Request, Item 7(b). Explain why there was a "reversal of ammonia purchases recorded during January 2004."

7. Refer to the response to Staff's First Request, Item 16(c), the Attachment. Provide the calculations and assumptions used to determine the rate of return grossed up of 11.23 percent.

8. Refer to the response to Staff's First Request, Item 18. Explain how the "Desired Bank Level" for emission allowances shown in the response was determined. In addition, explain why the desired bank level is increasing over the projection period.

Beth O'Donnell
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602-0615

DATED June 29, 2006

cc: All Parties